

## Message Text

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PAGE 01 ALEXAN 00103 211347Z

46

ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 AS-01 EB-11 COME-00 OMB-01 SS-20

NSC-07 SP-03 L-03 CIAE-00 DODE-00 INR-10 NSAE-00

PA-04 RSC-01 USIA-15 PRS-01 SAM-01 DRC-01 /121 W

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R 211330Z MAY 74

FM USDEL ALEXANDRIA

TO SECSTATE WASHDC 77

INFO AMEMBASSY CAIRO

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TEL AVIV

C O N F I D E N T I A L ALEXANDRIA 103

FOLTEL FROM AMCONSUL ALEXANDRIA

E.O. 11652: GDS

TAGS: EIND, EG

SUBJECT: FORD PLANS FOR EGYPT

1. IN CONVERSATION MAY 21, AMCIT RESIDENT MANAGER OF FORD MOTOR COMPANY TOLD ME THAT HE MET WITH COMPANY PRESIDENT HENRY FORD IN LONDON LAST MONTH AND DISCUSSED FUTURE OF FORD'S OPERATIONS IN EGYPT. IN REVERSAL OF LONG-STANDING ATTITUDE THAT COMPANY NOT RPT NOT WILLING TO MAKE EFFORT LIFT ARAB BOYCOTT OF FORD PRODUCTS AND TO MODERATE STRONG PRO-ISRAEL STANCE, HENCY FORD AUTHORIZED CONTINGENCY PLANNING FOR RESUMED AND EXPAND ASSEMBLY OPERATIONS AT ALEXANDRIA PLANT.

2. ACCORDING SOURCE, WHILE FORD "WILL NEVER APOLOGIZE" FOR PREVIOUS ATTITUDE TOWARD MIDDLE EAST, HE DOES EXPECT BOYCOTT WILL QUIETLY WITHER AWAY IF SADAT WISHES ENCOURAGE RETURN OF FORD PRODUCTS. FORD NOW HAS OFFER READY TO PRESENT TO EGYPTIAN GOVERNMENT TO ASSEMBLE THREE THOUSAND VEHICLES PER YEAR, STARTING WITH LIGHT AND MEDIUM VANS AND  
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PAGE 02 ALEXAN 00103 211347Z

TRUCKS. "AS SOON AS SYRIAN-ISRAELI DISENGAGEMENT ANNOUNCED," HENRY

FORD WILL SEEK TO VISIT EGYPT AND HAVE AUDIENCE WITH PRESIDENT SADAT. HE HOPES TO PRESENT THIS OFFER TO GOVERNMENT, NOTING ORALLY THAT THIS IS JUST EXAMPLE OF WHAT FORD ALEXANDRIA CAN DO, AND COMPANY WILLING ADAPT PRODUCTION CAPACITY TO EGYPT'S WISHES.

3. GIVEN WIDE RANGE AVAILABLE OF FORD VEHICLES, COMPANY IS QUITE RELAXED ON EXACT TYPES TO BE ASSEMBLED. CURRENT THINKING TENDS TOWARDS GERMAN FORD COMPONENTS, "BECAUSE THERE IS QUALITY CONTROL PROBLEMS IN ENGLISH FORDS. HOWEVER, IF EGYPTIANS WANT SMALL US MODELS, WHICH ARE NOW COMPETITIVE WITH EUROPEAN FORDS, COMPANY IS WILLING TO OBLIGE.

4. SPEAKING BOTH OF FORD HOPES AND CURRENT EGYPTIAN ASSEMBLY PROBLEMS, SOURCE DID SAY COMPANY WILL SEEK EXEMPTION FROM SOME EXISTING LABOR CONTROLS WHICH SERIOUSLY INHIBIT PRODUCTION. HE NOTED THAT LOCALLY "PRODUCTS" NASR AUTOMOBILE, WHICH IS ITALIAN FIAT 125, SUFFERS DUAL PROBLEM OF OBSOLETE PARTS ACQUISITION AND GOVERNMENT-DECREED LABOR FORCE OF SEVEN THOUSAND TO PRODUCE MERE TWO THOUSAND VEHICLES A YEAR. IT IS HIS HOPE THAT APPARENT ECONOMIC ENLIGHTENMENT SHOWN IN SADAT'S NEW INVESTMENT LAW (AND HEGAZI'S PRONOUNCEMENTS) WILL PROMPT MORE BUSINESSLIKE ATTITUDE ON TOUCHY QUESTION OF MANAGEMENT CONTROL OF SIZE AND COMPOSITION OF LABORFORCE.

CHASE

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